19 August 2015

Hochschild Mining plc
Interim Results for the six months ended 30 June 2015

Financial Results highlights[1]

- Net revenue of $190.3 million (H1 2014: $282.0 million)
- Adjusted EBITDA of $39.3 million (H1 2014: $94.3 million)[2]
- Earnings per share of $(0.10) (H1 2014: $(0.01))
- Cash balance of $84.3 million as at 30 June 2015

Inmaculada Project update

- Inmaculada production to date:
  - 21,100 ounces of gold
  - 506,200 ounces of silver
- Mined tonnage, grades and metallurgical recoveries in line with expectations
- 2015 production target of 6-7 million silver equivalent ounces on track[3]

Operational highlights

- Half year production of 9.2 million attributable silver equivalent ounces
- 24.0 million silver equivalent ounce full year production target on track
- Main operation all-in sustaining costs per silver equivalent ounce fell by 9% to $15.0 ($16.0 per ounce assuming silver-to-gold ratio of 60:1)[4]
- $13-14 per ounce all-in sustaining cost target for 2015 on track ($15-16 per ounce assuming silver-to-gold ratio of 60:1)

H2 2015 Outlook

- Significantly improved production expected in H2 2015
- Inmaculada full production set to drive significant cost and margin improvement in H2 2015

$000, pre-exceptional unless stated	**Six months to 30 June 2015**	Six months to 30 June 2014
Attributable silver production (koz)	**6,265**	8,526
Attributable gold production (koz)	**41**	55
Net revenue[5]	**190,259**	282,012
Adjusted EBITDA	**39,306**	94,282
Loss from continuing operations	**(37,750)**	(1,546)
Loss from continuing operations (post-exceptional)	**(43,885)**	(11,749)
Earnings per share ($ pre-exceptional)	**(0.10)**	(0.01)
Earnings per share ($ post-exceptional)	**(0.12)**	(0.04)

[1]On a pre-exceptional basis
[2]Adjusted EBITDA is calculated as profit from continuing operations before exceptional items, net finance costs, foreign exchange loss and income tax plus depreciation, and exploration expenses other than personnel and other exploration related fixed expenses and other non-cash expenses
[3]Throughout the release all forecast equivalent calculations assume a 60:1 ratio (Ag/Au) whilst all actual equivalent calculations assume the average ratio for the period.
[4]All-in sustaining cash cost per silver equivalent ounce: Calculated before exceptional items includes cost of sales less depreciation and change in inventories, administrative expenses, brownfield exploration, operating capex and royalties divided by silver equivalent ounces produced using the average ratio for the period (Au/Ag). Also includes commercial discounts and selling expenses divided by silver equivalent ounces sold using the average ratio for the period (Au/Ag).
[5]Revenue presented in the financial statements is disclosed as net revenue (in the Financial Review it is calculated as gross revenue less commercial discounts)

Commenting on the results, Eduardo Hochschild, Chairman, said:
"During this year, we have been completing the investment in Hochschild's new flagship low cost Inmaculada mine. I am delighted that in June we reached a milestone for our Company with the production of our first ounces from this crucial project and I am confident that, as we move through the remainder of 2015, we will start to see the fruits of our long term investment strategy."

A live conference call & audio webcast will be held at 2pm (London time) on Wednesday 19 August 2015 for analysts and investors. Details as follows:

For a live webcast of the presentation please click on the link below:

http://edge.media-server.com/m/p/h5k94yz3

Conference call dial in details:
UK: +44(0)20 3427 1900 (Please use the following confirmation code: **2270177**).

A recording of the conference call will be available for one week following its conclusion, accessible from the following telephone number:
UK: (0)20 3427 0598 (Access code: **2270177**)

The On Demand version of the webcast will be available within two hours after the end of the presentation and is accessible using the same webcast link.

Enquiries:

Hochschild Mining plc

Charles Gordon — +44 (0)20 3714 9040
Head of Investor Relations

Hudson Sandler

Charlie Jack — +44 (0)207 796 4133
Public Relations

About Hochschild Mining plc:

Hochschild Mining plc is a leading precious metals company listed on the London Stock Exchange (HOCM.L / HOC LN) with a primary focus on the exploration, mining, processing and sale of silver and gold. Hochschild has over fifty years' experience in the mining of precious metal epithermal vein deposits and currently operates four underground epithermal vein mines, three located in southern Peru and one in southern Argentina. Hochschild also has numerous long-term projects throughout the Americas.

CHIEF EXECUTIVE OFFICER'S STATEMENT

2015 has already proved to be both an exciting and challenging year for Hochschild. We have achieved first production from our flagship Inmaculada project whilst managing the existing business in an ongoing deteriorating commodity price environment. The financial position of the company is expected to improve through the second half as we reach full capacity at Inmaculada and begin to benefit from the new low cost production.

Growth

The Company made excellent progress in the first half on the final stages of construction at Inmaculada with the result that we were able to start the commissioning of the processing plant and deliver first production in early June. The subsequent ramp-up has progressed well with mining operations running smoothly and grades and recoveries in line with or better than expectations and we are now close to being able to declare commercial production. A number of non-essential deliverables, such as the paste backfill plant, remain to be completed but we are confident that, with approximately 1.8 million silver equivalent ounces produced to date, the operation is on track to deliver its six to seven million silver equivalent ounce target for the year. We also remain excited by the geological potential in the district surrounding our Inmaculada and Pallancata land packages and expect to continue exploration work in 2016 alongside similar programmes at Arcata and San Jose.

H1 2015 performance

Our current operations have delivered a solid first half despite the implementation of revised mine plans at both Peruvian operations, producing 9.2 million attributable silver equivalent ounces. So far in 2015, Arcata and San Jose have exceeded our expectations whilst Pallancata's performance has reflected the long-term move to thinner veins in addition to the delay in brownfield drilling at the mine. However, I am happy to report that early results from the recent resumption of drilling are extremely encouraging for the long term future of the operation. We remain on track to meet our annual production forecast of 24 million silver equivalent ounces with production in the second half expected to be boosted by between six to seven million ounces from Inmaculada.

Our financial results for the first half reflected the effects of a further 18% fall in the average silver price received versus the first half of 2014, our mine plan optimisation in Peru, our ongoing efforts to reduce costs and the final phase of our Inmaculada investment programme. Main operation all-in sustaining costs per silver equivalent ounce were in line with expectations at $15.0 and we can look forward to the increasing positive impact of low cost production from Inmaculada in the second half. Pre-exceptional EBITDA was $39.3 million whilst the first half loss per share resulted partly from interest costs arising from our $350 million senior notes issued in January 2014. We fully expect those costs to begin to be absorbed as cashflows from Inmaculada start to be generated. The cash balance at the end of the half was at $84 million which is net of $63 million of scheduled project capital expenditure executed during the period.

Financing

During the first half, Hochschild continued to allocate capital expenditure to complete Inmaculada. Early in the year, we further enhanced our liquidity with the drawdown of $75 million of short term lines of credit in Peru and towards the end of the half we were able to extend the maturity of these facilities as well as improve the interest rate to an average annual rate of approximately 0.9%. Furthermore, we took advantage of short periods of price improvement at the start of the year to hedge six million silver ounces for 2015 at $17.75 per ounce on top of the 38,000 gold ounces hedged at $1,300 per ounce, thereby continuing our policy of protecting cashflows during the Inmaculada construction.

Outlook

Production for the second half of 2015 is scheduled to include the first material contribution from Inmaculada and a stronger contribution from San Jose, with all-in sustaining cost expected to meet guidance of between $13 to $14 per silver equivalent ounce (or between $15 to $16 using the 60:1 gold to silver ratio).

The current market environment for precious metals remains uncertain but I am confident in a more positive outlook for Hochschild in the second half of this year and into 2016. We can look forward to the establishment of Inmaculada as a significant cash generating asset for the Company and thus becoming our new flagship operation.

Ignacio Bustamante
Chief Executive Officer
18 August 2015

OPERATING REVIEW

CURRENT OPERATIONS

Production

In the first half of 2015, the Company delivered attributable production of 9.2 million silver equivalent ounces, including 6.3 million ounces of silver and 40.6 thousand ounces of gold. With production from the newly commissioned Inmaculada mine ramping up, the Company is on track to meet its full year production target of 24.0 million attributable silver equivalent ounces.[6]

Costs

The Company's all-in sustaining costs at its main operations were reduced by 9% in H1 2015 to $15.0 per ounce driven by operational initiatives resulting from the cashflow optimisation programme, the ongoing local currency devaluation and better than expected grades particularly at Arcata.[7] Unit cost per tonne at the main Peruvian operations was at $106.5 (H1 2014: $74.0) with the key reason for the increase being the significant reduction in capacities at both mines as part of the Company's mine plan optimization announced in November 2014. In Argentina, unit cost per tonne increased by 10% to $219.5 (H1 2014: $200.0).

Main operations: Arcata (Peru)

The 100% owned Arcata underground operation is located in the Department of Arequipa in southern Peru. It commenced production in 1964.

Arcata summary	**Six months to 30 June 2015**	Six months to 30 June 2014	**% change**
Ore production (tonnes)	**300,924**	365,573	**(18)**
Average silver grade (g/t)	**340**	262	**30**
Average gold grade (g/t)	**0.97**	0.81	**20**
Silver produced (koz)	**2,726**	2,895	**(6)**
Gold produced (koz)	**7.17**	8.76	**(18)**
Silver equivalent produced (koz)	**3,248**	3,459	**(6)**
Silver sold (koz)	**2,683**	2,947	**(9)**
Gold sold (koz)	**6.92**	8.58	**(19)**
Unit cost ($/t)	**113.2**	82.2	**38**
Total cash cost ($/oz Ag co-product)[8]	**11.5**	12.5	**(8)**
All-in sustaining cost ($/oz)	**13.6**	17.7	**(23)**

Production

At Arcata, total silver equivalent production in H1 2015 was 3.2 million ounces (H1 2014: 3.5 million ounces). Despite the announced adjusted mine plans for 2015 to ensure the extraction of profitable ounces, Arcata delivered a stronger than expected first half production with higher than expected tonnage and silver grades.

Costs

In the first half, the unit cost at Arcata of $113.2 per tonne (H1 2014: $82.2 per tonne) reflected the reduction in capacity as part of the above-mentioned mine plan adjustment. However, with corresponding grade increases and ongoing reductions in sustaining and development capital expenditure, all-in sustaining costs fell by 23% to $13.6 per silver equivalent ounce (H1 2014: $17.7 per ounce).

Brownfield exploration

In the first half, the Arcata exploration programme has focused on the incorporation of resources from the Stephani, Cristina, Soledad, Macarena and Nicolle as well as further exploration of the Tunel 4 vein system. 5,026 metres of drilling were executed. Significant intercepts included:

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[6] *Throughout the release all forecast equivalent calculations assume a 60:1 ratio (Ag/Au) whilst all actual equivalent calculations assume the average ratio for the period.*

[7] *All-in sustaining cash cost per silver equivalent ounce: Calculated before exceptional items includes cost of sales less depreciation and change in inventories, administrative expenses, brownfield exploration, operating capex and royalties divided by silver equivalent ounces produced using the average ratio for the period (Au/Ag). Also includes commercial discounts and selling expenses divided by silver equivalent ounces sold using the average ratio for the period (Au/Ag).*

[8] *Cash costs are calculated to include cost of sales, treatment charges, and selling expenses before exceptional items less depreciation included in cost of sales.*

Vein	Results
North-South	DDH027-LM11: 2.12m at 0.43 g/t Au & 719 g/t Ag DDH768-LM14: 1.27m at 2.46 g/t Au & 549 g/t Ag DDH802-GE15: 1.58m at 0.56 g/t Au & 659 g/t Ag DDH990-GE11: 0.82m at 0.15 g/t Au & 1,667 g/t Ag
Lucero	DDH777-LM15: 1.35m at 1.35 g/t Au & 593 g/t Ag DDH792-GE15: 1.01m at 1.85 g/t Au & 395 g/t Ag DDH800-LM15: 0.97m at 1.49 g/t Au & 533 g/t Ag
Soledad	DDH800-LM15: 1.00m at 4.05 g/t Au & 1,015 g/t Ag

Pallancata: Peru

The 100% owned Pallancata silver/gold property is located in the Department of Ayacucho in southern Peru, approximately 160 kilometres from the Arcata operation. Pallancata commenced production in 2007. Ore from Pallancata is transported 22 kilometres to the Selene plant for processing.

Pallancata summary	**Six months to 30 June 2015**	Six months to 30 June 2014	% change
Ore production (tonnes)	**289,551**	523,695	(45)
Average silver grade (g/t)	**248**	264	(6)
Average gold grade (g/t)	**1.19**	1.12	6
Silver produced (koz)	**1,948**	3,588	(46)
Gold produced (koz)	**8.44**	12.84	(34)
Silver equivalent produced (koz)	**2,563**	4,415	(42)
Silver sold (koz)	**1,986**	3,615	(45)
Gold sold (koz)	**8.33**	13.11	(36)
Unit cost ($/t)	**99.5**	68.1	46
Total cash cost ($/oz Ag co-product)	**12.3**	10.1	22
All-in sustaining cost ($/oz)	**15.6**	15.1	3

Production

At Pallancata, total production for the first half was 2.6 million silver equivalent ounces. (H1 2014: 4.4 million ounces) with tonnage significantly lower than the equivalent period in 2014 due to the adjusted mine plan resulting in an approximate halving of capacity although silver and gold grades have risen to compensate and are expected to remain at current levels for the remainder of the year.

Costs

Cost per tonne at Pallancata was $99.5 per tonne in the first half (H1 2014: $68.1 per tonne). As at Arcata, unit costs increased in line with the scheduled capacity reductions and although grade increases and sustaining capital expenditure cuts partially compensated, all-in sustaining cost per silver equivalent ounce increased slightly to $15.6 (H1 2014: $15.1) mostly due to the mine’s ongoing transfer to thinner veins in the mix. The Company continues to target further cost reduction programmes at the operation.

Brownfield exploration

The exploration team at Pallancata received permits in May to begin a 19,100 metre exploration and drilling programme with the aim of focusing on inferred resource exploration at surface and also geological mapping of the west and south side of the district for new target definition. Results are expected in the second half of the year.

San Jose: Argentina

The San Jose silver/gold mine is located in Argentina, in the province of Santa Cruz, 1,750 kilometres south-southwest of Buenos Aires. San Jose commenced production in 2007 and is a joint venture with McEwen Mining Inc (formerly Minera Andes Inc.). Hochschild holds a controlling interest of 51% in the mine and is the mine operator.

San Jose summary*	**Six months to 30 June 2015**	Six months to 30 June 2014	% change
Ore production (tonnes)	**232,995**	276,663	(16)
Average silver grade (g/t)	**448**	385	16
Average gold grade (g/t)	**6.34**	5.60	13
Silver produced (koz)	**2,932**	2,975	(1)
Gold produced (koz)	**42.30**	43.91	(4)
Silver equivalent produced (koz)	**6,012**	5,803	(4)
Silver sold (koz)	**3,115**	3,004	4
Gold sold (koz)	**42.75**	43.25	(1)
Unit cost ($/t)	**219.5**	200.0	10
Total cash cost ($/oz Ag co-product)	**11.5**	12.9	(11)
All-in sustaining cost ($/oz)	**15.6**	16.7	(7)

**The Company has a 51% interest in San Jose*

Production

The San Jose operation improved, as expected, from its seasonally shorter first quarter to deliver 6.0 million silver equivalent ounces (H1 2014: 5.8 million ounces) with both grades and recoveries particularly strong versus the same period of 2014, offsetting the slightly reduced tonnage in the half. San Jose is expected to deliver a stronger second half with tonnage expected to peak in the fourth quarter.

Costs

At San Jose, unit cost per tonne was $219.5 in the first half (H1 2014:$200.0). Tonnage decreased versus the same period of 2014 and this was only partially offset by the effect of the Company's ongoing optimisation plan and the moderate devaluation of the Argentinian peso. All-in sustaining costs were reduced by 7% versus the same period of 2014 with cash optimisation initiatives helping to reduce sustaining capital expenditure in addition to better grades. The Company continues to target further cost reduction programmes at San Jose.

Inmaculada (Peru)

The 100% owned Inmaculada underground operation is located in the Department of Ayacucho in southern Peru. It commenced production in June 2015.

Inmaculada summary	Six months to 30 June 2015	Six months to 30 June 2014	% change
Ore production (tonnes)	52,325	-	-
Average silver grade (g/t)	89	-	-
Average gold grade (g/t)	2.92	-	-
Silver produced (koz)	95.45	-	-
Gold produced (koz)	3.42	-	-
Silver equivalent produced (koz)	344	-	-
Silver sold (koz)	-	-	-
Gold sold (koz)	-	-	-
Unit cost ($/t)	-	-	-
Total cash cost ($/oz Ag co-product)[9]	-	-	-
All-in sustaining cost ($/oz)	-	-	-

During the first half, plant construction continued with first dore production achieved on 3 June 2015. By the end of June, as part of the ramp-up phase to achieve full commercial design capacity, 52,325 tonnes of low grade development material had been treated at the plant producing approximately 3,420 ounces of gold and 95,450 ounces of silver.

Ramp-up in mill throughput has continued throughout July and August with tonnes per day reaching an average of 3,000 tonnes per day and expected to hit the forecast capacity of 3,500 tonnes per day at the end of August whilst gold and silver recoveries have now slightly exceeded expectations with the target of reaching 95% in gold and 90% in silver by the end of the year.

The Hochschild team has continued underground mine development and currently a stockpile of approximately 270,000 tonnes is available for processing whilst stope mining activities have commenced utilising long hole and breasting methods. The Company reiterates that the overall production forecast of 6-7 million silver equivalent ounces for 2015 remains in place and that it is on course to receive its plant operating permit which will allow the Company to begin commercial sales.

Construction of the paste backfill plant has reached 65%, with work on the laboratories, warehouses and workshops now complete.

The Company and the contractor are currently in discussions over a number of contract change orders presented by the contractor relating to the completion of the EPC contract for Inmaculada. Based on Hochschild's own evaluation work and advice received from external advisers, the Company believes that the majority of the change orders are without any merit or will be subject to significant downward adjustment. In addition, the Company believes that GyM has breached a number of terms of the EPC Contract, including failing to meet the Completion Date. Hochschild continues to assess the change orders and discussions with the contractor are ongoing.

The exploration focus near the Inmaculada mine remains on the Palca area to the North East and following a mapping programme in 2014 at the Palca 1 zone, six promising vein structures have been selected amongst others in a corridor of almost five kilometres with work at Palca 2 zone starting later on in the year.

[9] *Cash costs are calculated to include cost of sales, treatment charges, and selling expenses before exceptional items less depreciation included in cost of sales.*

FINANCIAL REVIEW

Key performance indicators

(before exceptional items, unless otherwise indicated)

$000 unless otherwise indicated	**Six months to 30 June 2015**	Six months to 30 June 2014	% change
Net Revenue[10]	**190,259**	282,012	(33)
Attributable silver production (koz)	**6,265**	8,526	(27)
Attributable gold production (koz)	**41**	55	(25)
Main operation cash costs ($/oz Ag co-product)[11]	**11.8**	11.8	-
Main operation cash costs ($/oz Au co-product)	**872**	803	9
Total all-in sustaining costs ($/oz)[12]	**16.2**	17.1	(5)
Main operation all-in sustaining costs ($/oz)	**15.0**	16.4	(9)
Adjusted EBITDA[13]	**39,306**	94,282	(58)
(Loss)/profit from continuing operations (pre-exceptional)	**(37,750)**	(1,546)	(2,342)
(Loss)/profit from continuing operations (post exceptional)	**(43,885)**	(11,749)	(274)
Earnings per share (pre exceptional)	**(0.10)**	(0.01)	(900)
Earnings per share (post exceptional)	**(0.12)**	(0.04)	(200)
Cash flow from operating activities[14]	**18,320**	44,159	(59)

The reporting currency of Hochschild Mining plc is U.S. dollars. In discussions of financial performance the Group removes the effect of exceptional items, unless otherwise indicated, and in the income statement results are shown both pre and post such exceptional items. Exceptional items are those items, which due to their nature or the expected infrequency of the events giving rise to them, need to be disclosed separately on the face of the income statement to enable a better understanding of the financial performance of the Group and to facilitate comparison with prior periods.

Revenue

Gross revenue

Gross revenue from continuing operations decreased 34% to $202.5 million in H1 2015 (H1 2014: $308.1 million) driven by lower production arising from the Company's optimised mine plans at its Peruvian operations and another substantial fall in precious metal prices.

Silver

Gross revenue from silver decreased 37% in H1 2015 to $131.3 million (H1 2014: $206.8 million) as a result of a 18% fall in the average price received as well as a 23% decrease in the total amount of silver ounces sold to 7,785 koz (H1 2014:10,086 koz).

Gold

Gross revenue from gold decreased 30% in H1 2015 to $71.2 million (H1 2014: $101.3 million) as a result of a 8% fall in the average price received although mostly due to a 24% decline in gold sales - the total amount of gold ounces sold in H1 2015 was 58.0 koz (H1 2014: 76.3 koz).

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[10]Revenue presented in the financial statements is disclosed as net revenue (in this Financial Review it is calculated as gross revenue less commercial discounts.

[11]Includes Hochschild's main operations: Arcata, Pallancata and San Jose. Cash costs are calculated to include cost of sales, treatment charges, and selling expenses before exceptional items less depreciation included in cost of sales.

[12]All-in sustaining cash cost per silver equivalent ounce calculated using the average gold to silver ratio for the periods H1 2015 and H1 2014.

[13]Adjusted EBITDA is calculated as profit from continuing operations before exceptional items, net finance costs, foreign exchange loss and income tax plus depreciation, and exploration expenses other than personnel and other exploration related fixed expenses and other non-cash expenses

[14]Cash flow from operations is calculated as profit for the year from continuing operations after exceptional items, plus the add-back of non-cash items within profit for the year (such as depreciation and amortisation, impairments and write-off of assets, gains/losses on sale of assets, amongst others) plus/minus changes in liabilities/assets such as trade and other payables, trade and other receivables, inventories, net tax assets, net deferred income tax liabilities, amongst others.

Gross average realised sales prices

The following table provides figures for average realised prices and ounces sold for H1 2015 and H1 2014:

Average realised prices	**Six months to 30 June 2015**	Six months to 30 June 2014
Silver ounces sold (koz)	**7,785**	10,086
Avg. realised silver price ($/oz)	**16.9**	20.5
Gold ounces sold (koz)	**58.01**	76.29
Avg. realised gold price ($/oz)	**1,227**	1,328

Commercial discounts

Commercial discounts refer to refinery treatment charges, refining fees and payable deductions for processing concentrates, and are discounted from gross revenue on a per tonne basis (treatment charge), per ounce basis (refining fees) or as a percentage of gross revenue (payable deductions). In H1 2015, the Group recorded commercial discounts of $12.3 million (H1 2014: $26.2 million). This decrease is explained by the reduction in sales of concentrate versus the same period of last year due to lower production and the higher proportion of dore produced at Arcata versus concentrate. The ratio of commercial discounts to gross revenue in 2014 decreased to 6% (H1 2014: 9%).

Net revenue

Net revenue decreased by 33% to $190.3 million (H1 2014: $282.0 million), comprising silver revenue of $122.5 million and gold revenue of $67.7 million. In H1 2015 silver accounted for 64% and gold 36% of the Company's consolidated net revenue compared to 66% and 34% respectively in H1 2014.

Revenue by mine

$000 unless otherwise indicated	**Six months to 30 June 2015**	Six months to 30 June 2014	% change
Silver revenue			
Arcata	**45,901**	60,273	(24)
Ares	**-**	10,420	-
Pallancata	**34,200**	75,154	(54)
San Jose	**51,186**	60,930	(16)
Moris	**-**	30	-
Commercial discounts	**(8,829)**	(20,634)	(57)
Net silver revenue	**122,458**	186,173	(34)
Gold revenue			
Arcata	**9,018**	11,308	(20)
Ares	**-**	14,391	-
Pallancata	**10,990**	17,555	(37)
San Jose	**51,177**	57,629	(11)
Moris	**-**	441	-
Commercial discounts	**(3,509)**	(5,517)	36
Net gold revenue	**67,676**	95,807	(29)
Other revenue[15]	**125**	32	291
Net revenue	**190,259**	282,012	(33)

[15] *Other revenue includes revenue from (i) the sale of energy in Peru and, (ii) administrative services in Mexico.*

Costs

Total pre-exceptional cost of sales decreased 17% to $174.5 million in H1 2015 (H1 2014: $209.4 million). The direct production cost decreased by 13% to $114.2 million (H1 2014: $131.3 million) mainly due to lower tonnage treated and the impact of the mine plan revisions. Depreciation was $55.5 million (H1 2014: $58.9 million) with the decrease mainly due to lower tonnage and the lower cost of the conversion of resources into reserves. Other items, which principally includes the costs associated with a ten day work stoppage in Argentina, was $4.9 million (H1 2014: $3.0 million).

$000	**Six months to 30 June 2015**	Six months to 30 June 2014	**% Change**
Direct production cost excluding depreciation	**114,236**	131,276	(13)
Depreciation in production cost	**55,486**	58,856	(6)
Other items	**4,928**	2,978	65
Change in inventories	**(157)**	16,311	(101)
Pre-exceptional cost of sales	**174,493**	209,421	(17)

Unit cost per tonne

The Company reported unit cost per tonne at its main operations of $138.3 in H1 2015 versus $102.8 in H1 2014. For further explanation on the increase in unit cost per tonne please refer to the Operating Review.

Unit cost per tonne by operation (including royalties)[16]*:*

Operating unit ($/tonne)	**Six months to 30 June 2015**	Six months to 30 June 2014	% change
Main operations	**138.3**	102.8	35
Peru	**106.5**	74.0	44
Arcata	**113.2**	82.2	38
Pallancata	**99.5**	68.1	46
Argentina			
San Jose	**219.5**	**200.0**	10
Others			
Ares	**-**	**117.8**	-
Total	**138.3**	**104.6**	32

[16]*Unit cost per tonne is calculated by dividing mine and geology costs by extracted tonnage and plant and other costs by treated tonnage.*

Cash costs

Cash cost reconciliation[17]*:*

$000 unless otherwise indicated	**Six months to 30 June 2015**	Six months to 30 June 2014	% change
Group cash cost	**142,157**	187,672	(24)
(+) Cost of sales	**174,493**	209,421	(17)
(-) Depreciation and amortisation in cost of sales	**(56,536)**	(62,761)	(10)
(+) Selling expenses	**11,600**	14,536	(20)
(+) Commercial deductions	**12,600**	26,476	(52)
Gold	***3,519***	*5,529*	*(36)*
Silver	***9,081***	*20,947*	*(57)*
Revenue	**190,259**	282,012	(33)
Gold	**122,458**	95,807	28
Silver	**67,676**	186,173	(64)
Others	**125**	32	291
Ounces sold			
Gold	**58.0**	76.3	(24)
Silver	**7,785**	10,086	(23)
Group cash cost ($/oz)			
Co product Au	**872**	836	8
Co product Ag	**11.8**	12.3	(4)
By product Au	**181**	(255)	171
By product Ag	**9.1**	8.6	6

Cash costs are calculated based on pre-exceptional figures. Co-product cash cost per ounce is the cash cost allocated to the primary metal (allocation based on proportion of revenue), divided by the ounces sold of the primary metal. By-product cash cost per ounce is the total cash cost minus revenue and commercial discounts of the by-product divided by the ounces sold of the primary metal.

[17]Cash costs are calculated to include cost of sales, treatment charges, and selling expenses before exceptional items less depreciation included in cost of sales.

All-in sustaining cost reconciliation

All-in sustaining cash costs per silver equivalent ounce[18]

Six months to 30 June 2015

$000 unless otherwise indicated	Arcata	Pallancata	San José	Main Operations	Other Operations	Corporate & Others	Total
(+) Production cost excluding depreciation[19]	33,629	27,186	49,559	110,374	-	-	110,374
(+) Other items in cost of sales	1,058	595	3,275	4,928	-	-	4,928
(+) Operating and exploration capex for units	5,283	5,010	19,968	30,261	-	1,199	31,460
(+) Brownfield exploration expenses	37	1,183	555	1,775	-	1,180	2,955
(+) Administrative expenses (excl depreciation and before exceptional items)	1,616	1,265	3,439	6,320	-	11,642	17,962
(+) Royalties		373		373	-		373
Sub-Total	**41,623**	**35,612**	**76,796**	**154,031**	**-**	**14,021**	**168,052**
Au Ounces produced	7,168	8,443	42,300	57,911			57,911
Ag Ounces produced (000's)	2,726	1,948	2,932	7,606	-	-	7,606
Ounces produced (Ag Eq 000's)	3,248	2,563	6,012	11,823	-	-	11,823
Sub-total ($/oz)	**12.8**	**13.9**	**12.8**	**13.0**	**-**	**-**	**14.2**
(+) Commercial deductions	1,974	3,750	6,876	12,600	-	-	12,600
(+) Selling expenses	475	544	10,581	11,600	-	-	11,600
Sub-total	**2,449**	**4,294**	**17,457**	**24,200**	**-**	**-**	**24,200**
Au Ounces sold	6,921	8,333	42,754	58,008	-	-	58,008
Ag Ounces sold (000's)	2,683	1,986	3,115	7,785	-	-	7,785
Ounces sold (Ag Eq 000's)	3,187	2,592	6,228	12,008	-	-	12,008
Sub-total ($/oz)	**0.8**	**1.7**	**2.8**	**2.0**	**-**	**-**	**2.0**
All-in sustaining costs ($/oz Ag Eq)	**13.6**	**15.6**	**15.6**	**15.0**	**-**	**-**	**16.2**

All-in sustaining costs using the gold to silver ratio of 60:1 gives a total cost of $17.3 per ounce and main operations cost of $16.0 per ounce (Arcata at $14.0 per once, Pallancata at $16.2 per ounce and San Jose at $17.1 per ounce).

[18] *All-in sustaining cash cost per silver equivalent ounce: Calculated before exceptional items includes cost of sales less depreciation and change in inventories, administrative expenses, brownfield exploration, operating capex and royalties divided by silver equivalent ounces produced using the average ratio for the period (Au/Ag). Also includes commercial discounts and selling expenses divided by silver equivalent ounces sold using the average ratio for the period (Au/Ag).*

[19] *Production cost excluding depreciation does not include capitalised costs of Inmaculada of $3.3 million*

Six months to 30 June 2014

$000 unless otherwise indicated	Arcata	Pallancata	San José	Main Operations	Other Operations	Corporate & Others	Total
(+) Production cost excluding depreciation	29,059	34,779	49,838	113,676	17,600	-	131,276
(+) Other items in cost of sales	992	647	656	2,295	683	-	2,978
(+) Operating and exploration capex for units	18,164	17,859	20,926	56,949	(5)	431	57,375
(+) Brownfield exploration expenses	214	629	91	934	(61)	688	1,561
(+) Administrative expenses (excl depreciation and before exceptional items)	2,144	2,947	4,063	9,154	166	10,709	20,029
(+) Royalties		897		897	262	-	1,159
Sub-Total	**50,573**	**57,758**	**75,574**	**183,905**	**18,645**	**11,828**	**214,379**
Au Ounces produced	8,755	12,840	43,912	65,507	11,465	-	76,972
Ag Ounces produced (000's)	2,895	3,588	2,975	9,458	525	-	9,983
Ounces produced (Ag Eq 000's)	3,459	4,415	5,803	13,676	1,264	-	14,940
Sub-total ($/oz)	**14.6**	**13.1**	**13.0**	**13.4**	**14.8**	**-**	**14.3**
(+) Commercial deductions	9,846	7,872	8,758	26,476	-	-	26,476
(+) Selling expenses	1,054	977	12,461	14,492	44	-	14,536
Sub-total	**10,900**	**8,849**	**21,219**	**40,968**	**44**	**-**	**41,012**
Au Ounces sold	8,576	13,112	43,252	64,940	11,354	-	76,294
Ag Ounces sold (000's)	2,947	3,615	3,004	9,566	519	-	10,086
Ounces sold (Ag Eq 000's)	3,499	4,460	5,789	13,748	1,251	-	14,998
Sub-total ($/oz)	**3.1**	**2.0**	**3.7**	**3.0**	**0.0**	**-**	**2.7**
All-in sustaining costs ($/oz Ag Eq)	**17.7**	**15.1**	**16.7**	**16.4**	**14.8**	**-**	**17.1**

Administrative expenses

Administrative expenses before exceptional items decreased by 12% to $18.8 million (H1 2014: $21.4 million) primarily due to the continuing impact of the cashflow optimisation programme.

Exploration expenses

In H1 2015, pre-exceptional exploration expenses, decreased by 50% to $4.1 million (H1 2014: $8.2 million).

In addition, the Group capitalises part of its brownfield exploration, which mostly relates to costs incurred converting potential resource to the Inferred or Measured and Indicated category. The Company capitalised $0.7 million relating to brownfield exploration compared to $1.2 million in H1 2014, bringing the total investment in exploration for H1 2015 to $4.8 million (H1 2014: $9.4 million). In addition, $0.8 million was invested in the Company's Advanced and Growth Projects.

Selling expenses

Selling expenses fell by 20% in H1 2015 to $11.6 million (H1 2014: $14.5 million) due to lower prices impacting the export tax in Argentina. Selling expenses mainly consist of export duties at San Jose (export duties in Argentina are levied at 10% of revenue for concentrate and 5% of revenue for dore) and logistic costs for the sale of concentrate.

Other income/expenses

Other income before exceptional items was $2.6 million (H1 2014: $2.0 million). Other expenses before exceptional items reached $4.6 million (H1 2014: $4.8 million) mainly due to care and maintenance expenses at Ares.

Adjusted EBITDA

Adjusted EBITDA decreased by 58% over the period to $39.3 million (H1 2014: $94.3 million) driven primarily by significantly precious metal prices as well as the decision to reduce capacity at the Peruvian operations as part of the Company's optimised mine plans for 2015. These effects were partially offset by the continuing impact of the cash optimisation initiatives.

Adjusted EBITDA is calculated as profit from continuing operations before exceptional items, net finance costs and income tax plus non-cash items (depreciation and changes in mine closure provisions) and exploration expenses other than personnel and other exploration related fixed expenses.

$000 unless otherwise indicated	**Six months to 30 June 2015**	Six months to 30 June 2014	% change
Profit from continuing operations before exceptional items, net finance cost, foreign exchange loss and income tax	**(20,707)**	25,738	(180)
Operating margin	**(11)%**	9%	-
Depreciation and amortisation in cost of sales	**56,536**	62,761	(10)
Depreciation and amortisation in administrative expenses	**817**	1,324	(38)
Exploration expenses	**4,092**	8,175	(50)
Personnel and other exploration related fixed expenses	**(1,432)**	(3,716)	(61)
Other non cash expenses[20]	**-**	-	-
Adjusted EBITDA	**39,306**	94,282	(58)
Adjusted EBITDA margin	***21%***	*33%*	

Finance income

Finance income before exceptional items of $0.6 million reduced from H1 2014 ($1.8 million) mainly due to lower interest received on deposits and liquidity funds ($0.6 million) and the absence of dividends received from the investment in Gold Resource Corporation ($0.5 million).

Finance costs

Finance costs before exceptional items decreased from $18.1 million in H1 2014 to $14.6 million in the first half of 2015, principally due to the repayment of the Company's convertible bond in October 2014 and the resulting reduction in interest paid.

Foreign exchange losses

The Group recognised a foreign exchange loss of $1.2 million (H1 2014: $0.3 million loss) as a result of exposure in currencies other than the functional currency, principally the Peruvian Nuevo Sol and Argentinean Peso, which depreciated 5% and 8% respectively in the period against the US Dollar.

Income tax

The Company's pre-exceptional income tax expense was $1.8 million (H1 2014: $10.7 million). The reduction in the expense is mainly explained by the higher pre-exceptional loss before income tax of $(36.0) million (H1 2014: $9.1 million).

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[20] *In 2015, Adjusted EBITDA has been presented before the effect of significant non-cash expenses related to changes in mine closure provisions for those mines which have already closed as these were material. The 2014 Adjusted EBITDA has been restated for comparability with the current presentation.*

Exceptional items

Exceptional items in H1 2015 totalled $(6.1) million after tax (H1 2014: $10.2 million). The tables below detail the exceptional items excluding the exceptional tax effect that amounted to $1.3 million (H1 2014: $2.3 million).

Exceptional items in H1 2015 comprise the following items:

H1 2015 negative exceptional items:

Main items	**$000**	**Description of main items**
Impairment and write-off of non-financial assets (net)	(5,917)	Impairment of the Crespo unit of $5.9 million.
Finance cost	(1,486)	Interest on tax contingency

Cash flow & balance sheet review

Cash flow:

$000 unless otherwise indicated	**Six months to 30 June 2015**	Six months to 30 June 2014	Change
Net cash generated from operating activities	**18,320**	44,159	(25,839)
Net cash used in investing activities	**(119,212)**	(127,049)	7,837
Cash flows generated/(used) in financing activities	**70,215**	27,374	42,841
Net (decrease)/increase in cash and cash equivalents during the period	**(30,677)**	(55,516)	24,839

Operating cash flow decreased from $44.2 million in H1 2014 to $18.3 million in H1 2015, mainly due to lower prices. Net cash used in investing activities decreased to $(119.2) million in H1 2015 from $(127.0) million in H1 2014 due to reduced sustaining capex at all operations, partially offset by higher construction capex at Inmacualda. Finally, cash generated from financing activities increased to $70.2 million from $27.4 million in H1 2014, primarily as a result of the proceeds from the short term debt raised in Peru ($75 million). As a result, total cash generated improved from $(55.5) million in H1 2014 to $(30.7) million in H1 2015 ($24.8 million difference).

Working capital

$000 unless otherwise indicated	**As at 30 June 2015**	As at 30 June 2014
Trade and other receivables	**161,903**	194,265
Inventories	**59,570**	54,135
Net other financial assets / (liabilities)	**7,511**	5,207
Net income tax receivable / (payable)	**21,921**	21,514
Trade and other payables and provisions	**(217,466)**	(181,641)
Working Capital	**33,439**	93,480

The Group’s working capital position decreased to $33.4 million in H1 2015 from $93.5 million in H1 2014. This was primarily explained by: lower trade and other receivables ($(32.4) million) due to higher dore sales at Arcata and lower prices; and by higher trade and other payables and provisions ($(35.8) million, in line with improved payment terms obtained from vendors.

Net cash

$000 unless otherwise indicated	As at 30 June 2015	As at 30 June 2014
Cash and cash equivalents	**84,316**	225,550
Long term borrowings	**(442,898)**	(343,174)
Short term borrowings[21]	**(97,053)**	(137,678)
Net cash/(debt)	**(455,635)**	(255,302)

The Group reported net cash position was $(455.6) million as at 30 June 2015 (2014: $(255.3) million). The change was mainly driven by cash used to build the Inmaculada Project including construction capex and working capital allocated to the project.

Capital expenditure[22]

$000 unless otherwise indicated	Six months to 30 June 2015	Six months to 30 June 2014
Arcata	**5,283**	18,164
Ares	**-**	(5)
Selene	**130**	156
Pallancata	**4,880**	17,703
San Jose	**19,968**	20,926
Operations	**30,261**	**56,944**
Inmaculada	**98,978**	75,595
Crespo	**1,012**	2,467
Volcan	**565**	972
Azuca	**137**	578
Other	**1,199**	431
Total	**132,152**	**136,987**

H1 2015 capital expenditure of $132.2 million (H1 2014: $137.0 million) mainly composed of operational capex of $30.3 million and Inmaculada capital expenditure of $99.0 million.

[21] *Includes pre-shipment loans and short term interest payables.*
[22] *Includes additions in property, plant and equipment and evaluation and exploration assets (confirmation of resources) and excludes increases in the expected closure costs of mine asset*

RISKS

The principal risks and uncertainties facing the Company in respect of the year ended 31 December 2014 are set out in detail in the Risk Management section of the 2014 Annual Report and in Note 38 to the 2014 Consolidated Financial Statements.

The key risks disclosed in the 2014 Annual Report (available at www.hochschildmining.com) are categorised as:

- Financial risks which include commodity price risk and counterparty credit risk;
- Operational risks including the risks associated with operational performance, delivery of projects, business interruption, exploration & reserve and resource replacement and personnel;
- Macro-economic risks which include political, legal and regulatory risks; and
- Sustainability risks including risks associated with health and safety, environmental and community relations.

These risks continue to apply to the Company in respect of the remaining six months of the financial year.

In terms of the changes in the profile of these risks, the Board recognises the heightened level of financial risk that results from the combination of (i) a deteriorating precious metals pricing environment and (ii) the Company's commitments which include the financing of the Group's debt and the capital demands of the Inmaculada project as it ramps up to full capacity. In addition, such a pricing environment reduces the comfort gap between the current level of indebtedness and the limits established in the debt covenants.

The Company's risk management strategy overseen by the Board has prompted a number of actions taken by management to mitigate this risk which primarily include:

- an ongoing focus on managing costs following the implementation of the Cash Optimisation Plan; and
- the renewal of short-term credit lines, which will provide the Company with further financial flexibility.

The Board expects that the Group's financial position will improve significantly as production at Inmaculada increases as it achieves full capacity which, in addition to increasing the Group's total production, will also increase margins given its lower costs of production relative to the Group's other mines.

GOING CONCERN

The Company's business activities, together with the factors likely to affect future development, performance and position are set out in the Operating Review and Project Review on pages 4 to 7. The financial position of the Company, its cash flow and liquidity position are described in the Financial Review on pages 8 to16.

The Directors believe that the financial resources available at the date of the issue of these condensed interim financial statements are sufficient for the Company to manage its business risks successfully.

The Company's forecasts and projections, taking into account reasonably possible changes in operational performance and in particular the price of gold and silver, and other mitigating actions described in the Risks section above, show that there are reasonable expectations that the Company will be able to operate on funds currently held and those generated internally, for the foreseeable future.

After making enquiries and considering the above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and consider the going concern basis of accounting to be appropriate. As a result they continue to adopt the going concern basis of accounting in preparing the condensed interim financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that, to the best of their knowledge, the interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and that the interim management report includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7 and 4.2.8.

A list of current Directors and their functions is maintained on the Company's website.

For and on behalf of the Board

Ignacio Bustamante
Chief Executive Officer
18 August 2015

INDEPENDENT REVIEW REPORT TO HOCHSCHILD MINING PLC

Introduction

We have been engaged by Hochschild Mining plc (the 'Company') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 which comprises the Interim condensed consolidated income statement, the Interim condensed consolidated statement of comprehensive income, the Interim condensed consolidated statement of financial position, the Interim condensed consolidated statement of cash flows, the Interim condensed consolidated statement of changes in equity and the related notes 1 to 20. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
18 August 2015

Interim condensed consolidated income statement

	Notes	Six-months ended 30 June 2015 (Unaudited)			Six-months ended 30 June 2014 (Unaudited)		
		Before exceptional items US$000	Exceptional items Note 6 US$000	Total US$000	Before exceptional items US$000	Exceptional items Note 6 US$000	Total US$000
Continuing operations							
Revenue	4	190,259	—	**190,259**	282,012	—	**282,012**
Cost of sales	5	(174,493)	—	**(174,493)**	(209,421)	(3,511)	**(212,932)**
Gross profit		15,766	—	**15,766**	72,591	(3,511)	**69,080**
Administrative expenses		(18,779)	—	**(18,779)**	(21,355)	(868)	**(22,223)**
Exploration expenses		(4,092)	—	**(4,092)**	(8,175)	(537)	**(8,712)**
Selling expenses		(11,600)	—	**(11,600)**	(14,536)	—	**(14,536)**
Other income		2,602	—	**2,602**	2,030	—	**2,030**
Other expenses		(4,604)	—	**(4,604)**	(4,817)	(2,963)	**(7,780)**
Impairment and write-off of non-financial assets (net)		—	(5,917)	**(5,917)**	—	(476)	**(476)**
(Loss)/profit from continuing operations before net finance income/(cost), foreign exchange loss and income tax		(20,707)	(5,917)	**(26,624)**	25,738	(8,355)	**17,383**
Finance income	7	581	—	**581**	1,813	—	**1,813**
Finance costs	7	(14,636)	(1,486)	**(16,122)**	(18,087)	(4,189)	**(22,276)**
Foreign exchange loss		(1,211)	—	**(1,211)**	(335)	—	**(335)**
(Loss)/profit from continuing operations before income tax		(35,973)	(7,403)	**(43,376)**	9,129	(12,544)	**(3,415)**
Income tax (expense)/benefit	8	(1,777)	1,268	**(509)**	(10,675)	2,341	**(8,334)**
Loss for the period from continuing operations		(37,750)	(6,135)	**(43,885)**	(1,546)	(10,203)	**(11,749)**
Attributable to:							
Equity shareholders of the Company		(38,341)	(6,135)	**(44,476)**	(2,469)	(10,161)	**(12,630)**
Non-controlling interests		591	—	**591**	923	(42)	**881**
		(37,750)	(6,135)	**(43,885)**	(1,546)	(10,203)	**(11,749)**
Basic and diluted earnings per ordinary share from continuing operations and for the period (expressed in U.S. dollars per share)		(0.10)	(0.02)	**(0.12)**	(0.01)	(0.03)	**(0.04)**

Interim condensed consolidated statement of comprehensive income

	Six-months ended 30 June	
	2015 (Unaudited) US$000	**2014 (Unaudited) US$000**
Loss for the period	**(43,885)**	(11,749)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translating foreign operations	(309)	(79)
Change in fair value of available-for-sale financial assets	201	2,538
Recycling of the loss on available-for-sale financial assets	(1)	934
Change in fair value of cash flow hedges	9,509	4,294
Recycling of the gain on cash flow hedges	(4,991)	(2,189)
Deferred income tax relating to components of other comprehensive income	(1,266)	(631)
Other comprehensive gain for the period, net of tax	3,143	4,867
Total comprehensive expense for the period	(40,742)	(6,882)
Total comprehensive (expense)/income attributable to:		
Equity shareholders of the Company	(41,333)	(7,763)
Non-controlling interests	591	881
	(40,742)	(6,882)

Interim condensed consolidated statement of financial position

	Notes	As at 30 June 2015 (Unaudited) US$000	As at 31 December 2014 US$000
ASSETS			
Non-current assets			
Property, plant and equipment	9	1,136,541	1,076,310
Evaluation and exploration assets	10	208,286	207,290
Intangible assets	10	41,860	42,815
Available-for-sale financial assets		653	455
Trade and other receivables		5,897	6,488
Deferred income tax assets		896	1,574
		1,394,133	1,334,932
Current assets			
Inventories		59,570	58,417
Trade and other receivables		156,006	167,038
Income tax receivable		22,155	25,584
Other financial assets	11	9,052	4,342
Cash and cash equivalents	13	84,316	115,999
		331,099	371,380
Total assets		1,725,232	1,706,312
EQUITY AND LIABILITIES			
Capital and reserves attributable to shareholders of the Parent			
Equity share capital	15	170,609	170,389
Share premium	15	396,021	396,021
Treasury shares		(898)	(898)
Other reserves		(214,073)	(217,335)
Retained earnings		408,227	451,047
		759,886	799,224
Non-controlling interests		95,751	95,160
Total equity		855,637	894,384
Non-current liabilities			
Trade and other payables		81	92
Borrowings	14	442,898	440,834
Provisions		107,163	111,751
Deferred income		25,000	25,000
Deferred income tax liabilities		85,403	84,959
		660,545	662,636
Current liabilities			
Trade and other payables		102,642	111,890
Other financial liabilities	11	1,541	1,533
Borrowings	14	97,053	27,882
Provisions		7,580	2,870
Income tax payable		234	5,117
		209,050	149,292
Total liabilities		869,595	811,928
Total equity and liabilities		1,725,232	1,706,312

Interim condensed consolidated statement of cash flows

		Six-months ended 30 June	
	Notes	2015 (Unaudited) US$000	2014 (Unaudited) US$000
Cash flows from operating activities			
Cash generated from operations		44,503	56,477
Interest received		346	1,533
Interest paid	14	(18,554)	(6,021)
Payment of mine closure costs		(969)	(2,485)
Income tax paid		(7,006)	(5,345)
Net cash generated from operating activities		18,320	44,159
Cash flows from investing activities			
Purchase of property, plant and equipment		(116,012)	(140,456)
Purchase of evaluation and exploration assets		(2,732)	(2,188)
Purchase of intangibles		(592)	(281)
Dividends received		—	414
Deferred income received related to San Felipe property		—	1,223
Proceeds from sale of available-for-sale financial assets		3	14,121
Proceeds from sale of property, plant and equipment	9	121	118
Net cash used in investing activities		(119,212)	(127,049)
Cash flows from financing activities			
Proceeds from borrowings	14	100,784	357,812
Repayment of borrowings	14	(29,924)	(322,828)
Dividends paid	16	(645)	(7,610)
Cash flows generated from financing activities		70,215	27,374
Net decrease in cash and cash equivalents during the period		(30,677)	(55,516)
Impact of foreign exchange		(1,006)	(5,369)
Cash and cash equivalents at beginning of period		115,999	286,435
Cash and cash equivalents at end of period	13	84,316	225,550

Interim condensed consolidated statement of changes in equity

					Other reserves										
	Note	Equity share capital US$000	Share premium US$000	Treasury Shares US$000	Unrealised gain/(loss) on available-for-sale financial assets US$000	Unrealised gain on hedges US$000	Bond equity component US$000	Cumulative translation adjustment US$000	Merger reserve US$000	Share-based payment reserve US$000	Total other reserves US$000	Retained earnings US$000	Capital and reserves attributable to shareholders of the Parent US$000	Non-controlling interests US$000	Total Equity US$000
Balance at 1 January 2015		170,389	396,021	(898)	14	3,126	—	(13,005)	(210,046)	2,576	(217,335)	451,047	799,224	95,160	894,384
Other comprehensive gain/ (loss)		—	—	—	200	3,252	—	(309)	—	—	3,143	—	3,143	—	3,143
(Loss)/gain for the period		—	—	—	—	—	—	—	—	—	—	(44,476)	(44,476)	591	(43,885)
Total comprehensive (loss)/income for the period		—	—	—	200	3,252	—	(309)	—	—	3,143	(44,476)	(41,333)	591	(40,742)
Issuance of shares	15	220	—	—	—	—	—	—	—	(1,560)	(1,560)	1,340	—	—	—
Deferred bonus plan		—	—	—	—	—	—	—	—	424	424	—	424	—	424
Restricted share plan		—	—	—	—	—	—	—	—	1,238	1,238	—	1,238	—	1,238
CEO LTIP		—	—	—	—	—	—	—	—	17	17	316	333	—	333
Balance at 30 June 2015 (unaudited)		170,609	396,021	(898)	214	6,378	—	(13,314)	(210,046)	2,695	(214,073)	408,227	759,886	95,751	855,637
Balance at 1 January 2014		170,389	396,021	(898)	1,024	—	8,432	(11,289)	(210,046)	736	(211,143)	511,492	865,861	104,375	970,236
Other comprehensive gain/(loss)		—	—	—	3,472	1,474	—	(79)	—	—	4,867	—	4,867	—	4,867
(Loss)/gain for the period		—	—	—	—	—	—	—	—	—	—	(12,630)	(12,630)	881	(11,749)
Total comprehensive (loss)/income for the period		—	—	—	3,472	1,474	—	(79)	—	—	4,867	(12,630)	(7,763)	881	(6,882)
Deferred bonus plan		—	—	—	—	—	—	—	—	106	106	—	106	—	106
CEO LTIP		—	—	—	—	—	—	—	—	260	260	—	260	—	260
Dividends declared to non-controlling interests		—	—	—	—	—	—	—	—	—	—	—	—	(5,511)	(5,511)
Balance at 30 June 2014 (unaudited)		170,389	396,021	(898)	4,496	1,474	8,432	(11,368)	(210,046)	1,102	(205,910)	498,862	858,464	99,745	958,209

Notes to the interim condensed consolidated financial statement

1 Corporate Information

Hochschild Mining plc (hereinafter the "Company" and together with its subsidiaries, the "Group") is a public limited company incorporated on 11 April 2006 under the Companies Act 1985 as a limited company and registered in England and Wales with registered number 05777693. The Company's registered office is located at 23 Hanover Square, London W1S 1JB, United Kingdom. Its ordinary shares are traded on the London Stock Exchange.

The Group's principal business is the mining, processing and sale of silver and gold. The Group has two operating mines (Arcata and Pallancata) and two plants (Selene, currently used to treat ore from the Pallancata mine and the Ares plant (which ceased operations during 2014)) located in Southern Peru, and one operating mine (San Jose) located in Argentina. The Inmaculada advanced project, located in Peru, will enter commercial production later in 2015. The Group also has a portfolio of projects located across Peru, Argentina, Mexico and Chile at various stages of development.

These interim condensed consolidated financial statements were approved for issue on behalf of the Board of Directors on 18 August 2015.

2 Significant Accounting Policies

(a) Basis of preparation

These interim condensed consolidated financial statements set out the Group's financial position as at 30 June 2015 and 31 December 2014 and its financial performance and cash flows for the six months periods ended 30 June 2015 and 30 June 2014.

They have been prepared in accordance with IAS 34 Interim Financial Reporting in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. Accordingly, the interim condensed consolidated financial statements do not include all the information required for full annual financial statements and therefore, should be read in conjunction with the Group's 2014 annual consolidated financial statements as published in the 2014 Annual Report.

The interim condensed consolidated financial statements do not constitute statutory accounts as defined in the Companies Act 2006. The financial information for the full year is based on the statutory accounts for the financial year ended 31 December 2014. A copy of the statutory accounts for that year, which were prepared in accordance with IFRS as adopted by the European Union has been delivered to the Registrar of Companies. The auditor's report under section 495 of the Companies Act 2006 in relation to those accounts was unmodified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain a statement under s498(2) or s498(3) of the Companies Act 2006.

The impact of the seasonality or cyclicality of operations is not regarded as significant on the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements are presented in US dollars ($) and all monetary amounts are rounded to the nearest thousand ($000) except when otherwise indicated.

(b) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective for the Group from 1 January 2015, which has not had a material impact on the annual consolidated financial statements or the interim condensed consolidated financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(c) Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the condensed set of financial statements. For further detail refer to the detailed discussion of the assumptions outlined in the Going Concern section of the announcement.

3 Segment Reporting

The following tables present revenue and loss information for the Group's operating segments for the six months ended 30 June 2015 and 2014 and asset information as at 30 June 2015 and 31 December 2014 respectively:

Six months ended 30 June 2015 (unaudited)	Ares US$000	Arcata US$000	Pallancata US$000	San Jose US$000	Inmaculada [3] US$000	Exploration and Advanced Projects US$000	Other US$000	Adjustments and eliminations US$000	Total US$000
Revenue from external customers	—	52,945	41,440	95,749	—	—	125	—	190,259
Inter segment revenue	—	—	—	—	—	—	900	(900)	—
Total revenue	**—**	**52,945**	**41,440**	**95,749**	**—**	**—**	**1,025**	**(900)**	**190,259**
Segment profit/(loss)	—	2,007	(8,332)	10,245	—	(6,297)	336	2,115	74
Others[1]									(43,450)
Loss from continuing operations before income tax									(43,376)
As at 30 June 2015 (unaudited)									
Assets									
Capital expenditure	—	5,283	4,880	19,968	98,973	1,714	1,334	—	132,152
Current assets	2,979	13,917	20,978	59,876	12,849	30	2,311	—	112,940
Other non-current assets	807	132,172	98,473	222,067	591,146	272,556	69,466	—	1,386,687
Total segment assets	3,786	146,089	119,451	281,943	603,995	272,586	71,777	—	1,499,627
Not reportable assets[2]	—	—	—	—	—	—	225,605	—	225,605
Total assets	**3,786**	**146,089**	**119,451**	**281,943**	**603,995**	**272,586**	**297,382**	**—**	**1,725,232**

(1) Comprised of administrative expenses of US$18,779,000, other income of US$2,602,000, other expenses of US$4,604,000, impairment of the Crespo unit of US$5,917,000, finance income of US$581,000, finance costs of US$16,122,000, and foreign exchange loss of US$1,211,000.

(2) Not reportable assets are comprised of available-for-sale financial assets of US$653,000, other receivables of US$108,533,000, income tax receivable of US$22,155,000, deferred income tax assets of US$896,000, other financial assets of US$9,052,000, and cash and cash equivalents of US$84,316,000.

(3) Inmaculada achieved first doré production on 3 June 2015; however, as the mine has not yet reached the commercial production phase and has yet to make sales, no revenues have yet been earned, nor has any profit/(loss) been generated.

Six months ended 30 June 2014 (unaudited)	Ares US$000	Arcata US$000	Pallancata US$000	San Jose US$000	Inmaculada US$000	Exploration and Advanced Projects US$000	Other US$000	Adjustments and eliminations US$000	Total US$000
Revenue from external customers	24,811	61,735	84,837	110,126	—	—	503	—	282,012
Inter segment revenue	—	—	—	—	—	—	1,952	(1,952)	—
Total revenue	**24,811**	**61,735**	**84,837**	**110,126**	**—**	**—**	**2,455**	**(1,952)**	**282,012**
Segment profit/(loss)	(574)	10,275	22,415	22,687	—	(9,178)	655	(448)	45,832
Others(1)									(49,247)
Profit from continuing operations before income tax									(3,415)

As at 31 December 2014									
Assets									
Capital expenditure	—	28,867	34,160	51,350	193,445	6,522	6,777	—	321,121
Current assets	6,740	27,993	21,174	66,995	5,877	35	2,421	—	131,235
Other non-current assets	832	143,524	112,365	223,295	497,771	277,829	70,799	—	1,326,415
Total segment assets	7,572	171,517	133,539	290,290	503,648	277,864	73,220	—	1,457,650
Not reportable assets(2)	—	—	—	—	—	—	248,662	—	248,662
Total assets	**7,572**	**171,517**	**133,539**	**290,290**	**503,648**	**277,864**	**321,882**	**—**	**1,706,312**

(1) Comprised of administrative expenses of US$22,223,000, other income of US$2,030,000, other expenses of US$7,780,000, write off of assets of US$476,000, finance income of US$1,813,000, finance costs of US$22,276,000, and foreign exchange loss of US$335,000.

(2) Not reportable assets are comprised of available-for-sale financial assets of US$455,000, other receivables of US$100,708,000, income tax receivable of US$25,584,000, deferred income tax assets of US$1,574,000, other financial assets of US$4,342,000 and cash and cash equivalents of US$115,999,000.

4 Revenue

	Six-months ended 30 June	
	2015 (Unaudited) US$000	2014 (Unaudited) US$000
Gold (from dore bars)	30,664	36,418
Silver (from dore bars)	58,796	37,303
Gold (from concentrate)	37,012	59,389
Silver (from concentrate)	63,662	148,870
Services	125	32
	190,259	282,012

The realised gain on gold and silver forward sales contracts in the period recognised within revenue was US$4,991,000 (Gold: US$1,793,000, Silver: US$3,198,000) (2014: US$2,189,000 (Gold: US$506,000, Silver: US$1,683,000)).

5 Cost of sales before exceptional items

Included in cost of sales are:

	Six-months ended 30 June	
	2015 (Unaudited) US$000	2014 (Unaudited) US$000
Depreciation and amortisation	56,962	60,043
Personnel expenses	52,977	55,480
Mining royalty	2,613	3,029
Change in products in process and finished goods	(157)	16,311

6 Exceptional items

Exceptional items relate to:

	Six-months ended 30 June	
	2015 (Unaudited) US$000	2014 (Unaudited) US$000
Cost of sales		
Termination benefits Ares mine unit[1]	—	(3,511)
Total	**—**	**(3,511)**
Administrative expenses		
Termination benefits[2]	—	(868)
Total	**—**	**(868)**
Exploration expenses		
Termination benefits[2]	—	(537)
Total	**—**	**(537)**
Other expenses		
Loss on sale of subsidiary[3]	—	(2,963)
Total	**—**	**(2,963)**
Impairment and write-off of assets (net)		
Impairment of assets[4]	(5,917)	—

	Six-months ended 30 June	
	2015 (Unaudited) US$000	2014 (Unaudited) US$000
Write-off of non-current assets[5]	—	(476)
Total	**(5,917)**	**(476)**
Finance costs		
Loss from changes in the fair value of financial instruments[6]	—	(18)
Interest on disputed tax charges[7]	(1,486)	—
Amortisation of transaction costs on secure bank loans[8]	—	(3,256)
Loss on sale of available-for-sale financial assets[9]	—	(915)
Total	**(1,486)**	**(4,189)**
Income tax (expense)/benefit		
Income tax benefit[10]	1,268	2,341
Total	**1,268**	**2,341**

1. Termination benefits in connection with the suspension of the Ares mine unit.
2. Termination benefits paid to employees as part of the restructuring plan implemented by management in 2014.
3. Loss generated by the sale of the Group´s subsidiary Minas Santa María de Moris, S.A. de C.V. (“Moris”) to Exploraciones y Desarrollos Regiomontanos, S.A. de C.V. and Arturo Préstamo Elizondo.
4. Corresponds to the impairment of the Crespo project of US$5,917,000 (note 9).
5. Write-off of non-current assets in Compañía Minera Ares S.A.C. (“CMA”) of US$345,000 and Minera Santa Cruz S.A. (“MSC”) of US$131,000.
6. Impairment of the Group’s available-for-sale investment in Brionor Resources (US$18,000).
7. Interest on overdue tax charges owed by the Group following a change in circumstances surrounding a tax dispute with the local tax authority, resulting in the exposure now being assessed as ‘probable’, rather than ‘possible’.
8. Corresponds to the attributable issue costs of the syndicated loan granted to CMA, disclosed as an exceptional item as a significant one-off expense and shown net of capitalised borrowing costs of US$1,104,000.
9. Corresponds to the loss on sale of part of the Group´s available-for-sale investment in Gold Resource Corp. (“GRC”) of US$1,663,000, net of the gain on sale of part of the Group´s investments in Chaparral Gold Corp and Mirasol Resources Ltd of US$547,000 and US$201,000 respectively
10. Primarily related to the deferred tax benefit arising from the impairment of the Crespo project of US$1,539,000, net of the associated underlying tax charge of item 7 above, disclosed as exceptional current income tax of US$271,000. As at 30 June 2014, mainly related to the tax benefit over the amortisation of transaction costs on secure bank loans of US$977,000 and termination benefits of US$1,214,000.

7 Finance income and finance cost before exceptional items

The Group recognised the following finance income and finance costs before exceptional items:

	Six-months ended 30 June	
	2015 (Unaudited) US$000	**2014 (Unaudited) US$000**
Finance income:		
Interest on deposits and liquidity funds	262	910
Interest on loans	31	73
Dividends	—	504
Unwind of discount rate	274	—
Others	14	326
Total	581	1,813
Finance cost:		
Interest on bank loans	(4,125)	(2,938)
Interest on convertible bond	—	(3,370)
Interest on bond	(9,188)	(9,143)
Other interest	(781)	—
Total interest expense	(14,094)	(15,451)
Unwind of discount rate	(11)	(1,837)
Others	(531)	(799)
Total	(14,636)	(18,087)

Finance costs above are presented net of borrowing costs capitalised in property, plant and equipment amounting to US$6,165,000 (2014: US$5,912,000) (note 9).

8 Income tax expense

	Six-months ended 30 June	
	2015 (Unaudited) US$000	**2014 (Unaudited) US$000**
Current tax		
Current income tax expense	280	5,348
Current mining royalty charge	373	1,159
Current special mining tax charge	—	392
Withholding taxes	—	(733)
Total	653	6,166
Deferred tax		
Deferred income tax relating to origination and reversal of temporary differences	(144)	2,168
Total	(144)	2,168
Total taxation (credit)/charge in the income statement	509	8,334

The pre-exceptional tax charge for the period was US$1,777,000 (2014: US$10,675,000). In 2014, the charge primarily originated as result of a decrease in the US dollar value of the Group's Peruvian Nuevo Sol and Argentine Peso-denominated tax bases, due to the devaluation of these currencies relative to the US dollar in the period.

The tax related to items charged or credited to equity is as follows:

	Six-months ended 30 June	
	2015 (Unaudited) US$000	2014 (Unaudited) US$000
Deferred income tax relating to fair value gains on cash flow hedges	1,266	631
Total taxation charge in the statement of comprehensive income	1,266	631

9 Property, plant and equipment

During the six months ended 30 June 2015, the Group acquired assets with a cost of US$128,827,000 (30 June: US$134,518,000). The additions for the six months ended 30 June 2015 relate to:

	Mining properties and development US$000	Other property plant and equipment US$000
San Jose	13,381	5,467
Pallancata	3,778	1,081
Inmaculada	33,178	65,142
Arcata	4,032	527
Crespo	912	—
Others	—	1,329
	55,281	73,546

Assets with a net book value of US$53,000 were disposed of by the Group during the six month period ended 30 June 2015 (30 June 2014: US$83,000) resulting in a net gain on disposal of US$68,000 (30 June 2014: US$35,000).

For the six months ended 30 June 2015, the depreciation charge on property, plant and equipment was US$63,056,000 (30 June 2014: US$63,936,000).

At 30 June 2015, the Group recorded an impairment charge of US$3,899,000 with respect to property, plant and equipment at the Crespo project (2014: US$nil). The recoverable value of this CGU was determined using a fair value less costs of disposal ('FVLCD') methodology. FVLCD was determined using a combination of level 2 and level 3 inputs to construct a discounted cash flow model to estimate the amount that would be paid by a willing third party in an arm's length transaction. The key assumptions on which management has based its determination of fair value less costs of disposal are substantially consistent with those employed at the time of the impairment assessment carried out at 31 December 2014, and disclosed in the Group's full annual financial statements for that year. The key changes resulting in the impairment charge recorded were changes in macroeconomic conditions leading to a delay for the Crespo property's development.

As a result of the impairment charge, the estimated recoverable amount of the Crespo CGU is equal to its carrying value; consequently, any change in the following key assumptions would, in isolation, cause a further impairment charge or a reversal of all or a portion of the impairment charge to be recognised for this CGU:

Sensitivities	(Further impairment)/ reversal of impairment US$000
Price (10% decrease)	(19,204)
Discount rate (3% increase)	(14,731)
Production cost (10% increase)	(9,357)
Price (10% increase)	18,848
Discount rate (3% decrease)	19,360
Production cost (10% decrease)	9,224

In addition to the sensitivities above, any further delay in the timing of the expected development of the Crespo property would be likely to result in a further impairment charge.

10 Evaluation, exploration and intangible assets

a) Evaluation and exploration assets: During the six months ended 30 June 2015, the Group capitalised evaluation and exploration costs of US$2,732,000 (30 June 2014: US$2,188,000). The additions correspond to the following properties:

	US$000
Azuca	137
San Jose	1,114
Pallancata	21
Inmaculada	71
Arcata	724
Crespo	100
El Dorado	565
	2,732

There were no transfers from evaluation and exploration assets to property, plant and equipment during the period (2014: US$nil).

At 30 June 2015, the Group recorded an impairment charge of US$1,736,000 with respect to evaluation and exploration assets at the Crespo project (2014: US$nil), refer to note 9.

b) Intangible assets: During the six months ended 30 June 2015, the additions to intangible assets amounted to US$593,000 (30 June 2014: US$281,000).

For the six months ended 30 June 2015, the amortisation charge on intangible assets was US$684,000 (30 June 2014: US$747,000).

There were transfers from intangibles to property, plant and equipment during the period of US$582,000 (30 June 2014: from property, plant and equipment to intangibles of US$496,000).

At 30 June 2015, the Group recorded an impairment charge of US$282,000 with respect to intangible assets at the Crespo project (2014: US$nil), refer to note 9.

11 Other financial assets and liabilities

	As at 30 June 2015 (unaudited) US$000	As at 31 December 2014 US$000
Other financial assets		
Bonds	192	—
Commodity swaps[1]	8,860	4,342
Other financial assets	9,052	4,342
Other financial liabilities		
Embedded derivatives[2]	1,541	1,533
Other financial liabilities	1,541	1,533

1 Corresponds to the fair value of the following unsettled commodity swap contracts:

a. signed in August 2014 with JP Morgan to hedge the sale of 38,000 ounces of gold at US$1,300 per ounce, during the period from January to December 2015; and

b. signed in January 2015 with JP Morgan to hedge the sale of 6,000,000 ounces of silver at US$17.75 per ounce, during the period from January to December 2015.

2 Sales of concentrate and certain gold and silver volumes are provisionally priced at the time the sale is recorded (note 12).

12 Financial instruments

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At 30 June 2015 and 31 December 2014, the Group held the following financial instruments measured at fair value:

	As at 30 June 2015 (unaudited) US$000	**Level 1 US$000**	**Level 2 US$000**	**Level 3 US$000**
Assets measured at fair value				
Equity shares	653	653	—	—
Bonds (note 11)	192	192	—	—
Commodity swaps (note 11)	8,860	—	8,860	—
	9,705	845	8,860	—
Liabilities measured at fair value				
Embedded derivatives (note 11)	(1,541)	—	—	(1,541)
	(1,541)	—	—	(1,541)

	As at 31 December 2014 US$000	**Level 1 US$000**	**Level 2 US$000**	**Level 3 US$000**
Assets measured at fair value				
Equity shares	455	455	—	—
Commodity swaps (note 11)	4,342	—	4,342	—
	4,797	455	4,342	—
Liabilities measured at fair value				
Embedded derivatives (note 11)	(1,533)	—	—	(1,533)
	(1,533)	—	—	(1,533)

During the six months ended 30 June 2015 and the year ended 31 December 2014, there were no transfers between these levels.

The reconciliation of the financial instruments categorised as Level 3 is as follows:

	Embedded derivatives (liabilities)/assets US$000	**Equity shares US$000**
Balance at 1 January 2014	(2,294)	6,000
Gain from the period recognised in revenue	761	—
Impairment through profit and loss (finance costs)	—	(6,000)
Balance 31 December 2014	(1,533)	—
Loss from the period recognised in revenue	(8)	—
Balance 30 June 2015 (unaudited)	(1,541)	—

Valuation techniques:

Level 2: Commodity swap contracts

Commodity swap contracts: Contracts entered into to hedge against the risk of commodity price fluctuations. These swap contracts are valued using a commonly accepted methodology which makes maximum use of market inputs such as quoted market prices and discount rates.

Level 3: Embedded derivatives and equity shares of Pembrook Mining Corp.

Embedded derivatives: Sales of concentrate and certain gold and silver volumes are provisionally priced at the time the sale is recorded. The price is then adjusted after an agreed period of time (usually linked to the length of time it takes for the smelter to refine and sell the concentrate or for the refiner to process the dore into gold and silver), with the Group either paying or receiving the difference between the provisional price and the final price. This price exposure is considered to be an embedded derivative in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'. The gain or loss that arises on the fair value of the embedded derivative is recorded in 'Revenue' (note 4). The selling price of metals can be reliably measured as these are actively traded on international exchanges but the estimated metal content is a non-observable input to this valuation.

Equity shares: The investments in unlisted shares (Pembrook Mining Corp. and ECI Exploration and Mining Inc.) were recognised at cost less any recognised impairment losses given that there is not an active market for these investments. The investments in ECI Exploration and Mining Inc. and Pembrook Mining Corp. are fully impaired as at 30 June 2015 and 31 December 2014, based on available observable market data of similar peers.

13 Cash and cash equivalents

	As at 30 June 2015 (unaudited) US$000	**As at 31 December 2014 US$000**
Cash at bank	278	293
Liquidity funds[1]	484	935
Current demand deposit accounts[2]	62,441	76,850
Time deposits[3]	21,113	37,921
Cash and cash equivalents	84,316	115,999

1 The liquidity funds are mainly invested in certificate of deposits, commercial papers and floating rate notes with a weighted average maturity of 10 days as at 30 June 2015 (as at 31 December 2014: 10 days).

2 Relates to bank accounts which are readily accessible to the Group and bear interest.

3 These deposits have an average maturity of 3 days (as at 31 December 2014: 2 days).

14 Borrowings

The movement in borrowings during the six month period to 30 June 2015 is as follows:

	As at 1 January 2015 US$000	Additions US$000	Repayments US$000	Reclassifications US$000	As at 30 June 2015 US$000
Current					
Bank loans[1]	14,425	105,880	(34,393)	(764)	**85,148**
Bond payable[2]	13,457	14,355	(14,085)	(1,822)	**11,905**
	27,882	120,235	(48,478)	(2,586)	**97,053**
Non-current					
Bank loan[3]	98,791	—	—	764	**99,555**
Bond payable[2]	342,043	—	—	1,300	**343,343**
	440,834	—	—	2,064	**442,898**
Accrued interest:	(14,951)	(19,451)	18,554	2,586	**(13,262)**
Before accrued interest	453,765	100,784	(29,924)	2,064	**526,689**

1 Relates to the US$75,377,000 short- term credit lines drew down during January and June 2015 (2014: US$nil), pre-shipment loans for a total amount of US$9,211,000 (2014: US$13,843,000) which are credit lines given by banks to meet payment obligations arising from the exports of the Group, and the current portion of the medium-term loan totalling US$560,000 (2014: US$582,000).

2 Relates to the issuance of US$350,000,000 7.75% Senior Unsecured Notes on 23 January 2014.The carrying value at 30 June 2015 of US$355,248,000 (2014: US$355,500,000) was determined in accordance with the effective interest method.

3 Medium-term loan of US$100,000,000 with Scotiabank Peru S.A.A. acting as Lead Arranger and The Bank of Nova Scotia and Corpbanca as lenders. The carrying value at 30 June 2015 of US$100,115,000 (2014: US$99,373,000) was determined in accordance with the effective interest method.

The carrying amount of current borrowings approximates their fair value. The carrying amount and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	As at 30 June 2015 US$000	As at 31 December 2014 US$000	As at 30 June 2015 US$000	As at 31 December 2014 US$000
Bank loan	99,555	98,791	98,992	99,083
Bond payable	343,343	342,043	359,188	348,250
Total	**442,898**	440,834	**458,180**	447,333

15 Equity

Share capital and share premium

The movement in share capital of the Company from 31 December 2014 to 30 June 2015 is as follows:

	Number of Ordinary shares	Share Capital US$000	Share premium US$000
Shares issued as at 1 January 2015	367,101,352	170,389	396,021
Shares issued and paid pursuant to the Deferred Bonus Plan on 20 March 2015	587,015	220	—
Shares issued as at 30 June 2015	367,688,367	170,609	396,021

At 30 June 2015 and 31 December 2014 all issued shares with a par value of 25 pence each were fully paid (30 June 2015: weighted average of US$0.464 per share, 31 December 2014: weighted average of US$0.464 per share).

On 20 March 2015 the Group issued 587,015 ordinary shares under the Deferred Bonus Plan, a benefit granted to certain employees of the Group.

16 Dividends paid and declared

There were dividends paid in the six months ended 30 June 2015 of US$645,000 (30 June 2014: US$7,610,000).

There were no dividends declared in the six months ended 30 June 2014 or 2015. The Directors of the Company have not declared an interim dividend in respect of the six months ended 30 June 2015 (30 June 2014: US$nil).

17 Related party transactions

There were no significant transactions with related parties during the six months ended 30 June 2015.

18 Commitments

a) Mining rights purchase options

During the ordinary course of business, the Group enters into agreements to carry out exploration under concessions held by third parties. Generally, under the terms of these agreements, the Group has the option to acquire the concession or invest in the entity holding the concession. In order to exercise the option the Group must satisfy certain financial and other obligations over the agreement term. The option lapses in the event that the Group does not meet the financial requirements. At any point in time, the Group may cancel the agreements without penalty, except in certain specific circumstances.

The Group continually reviews its requirements under the agreements and determines on an annual basis whether to proceed with the financial commitment. Based on management's current intention regarding these projects, the commitments at the balance sheet date are as follows:

	As at 30 June 2015 US$000	**As at 31 December 2014 US$000**
Less than one year	550	350
More than one year	6,450	6,850

b) Capital commitments

The future capital commitments of the Group are as follows:

	As at 30 June 2015 US$000	**As at 31 December 2014 US$000**
Peru	43,192	97,826
Argentina	8,569	6,091
	51,761	103,917

19 Contingencies

Inmaculada project:

On 10 August 2012 the Group's principal operating subsidiary in Peru, CMA, entered into a turn-key engineering, procurement and construction contract (the "EPC Contract") with GyM S.A. ("GyM"), under which GyM agreed to complete the engineering, construction and commissioning of the plant and related components of the Inmaculada Advanced Project in order to commence commercial production by 31 December 2014 (the "Completion Date").

Under the terms of the EPC Contract, the Group agreed to pay GyM as consideration a fixed maximum guaranteed price of approximately US$140 million (the "Maximum Fixed Price"). The Maximum Fixed Price may be amended, under limited circumstances, through written change orders signed by the parties. Against this background, the Group has received a number of change orders from GyM requesting, among other things, additional payments under the EPC Contract (the "GyM Change Orders"). As at the date of the approval of these condensed consolidated interim financial statements, the Group has approved certain of these change orders amounting to US$4.4 million.

The Group has engaged Hill International ("Hill"), a construction claims consultant, to advise on the technical merits of the GyM Change Orders and Miranda & Amado Abogados, a law firm in Peru, to advise on the contractual merits and other matters relating to Peruvian law ("M&A" and, together with Hill, the "External Advisers"). Based on their evaluation of the GyM Change Orders and advice received from the External Advisers, the Group believes that almost all of the GyM Change Orders are without any merit or will be subject to significant downward adjustment. In addition, the Group believes that GyM has breached a number of terms of the EPC Contract, including failing to meet the Completion Date.

The Group continues to assess the GyM Change Orders and discussions with GyM are ongoing. On that basis, other than the approved change orders amounting to US$4.4 million, no other provision has been made. Any further disclosure in relation to this matter would be commercially prejudicial to the Group's interests.

20 Subsequent events

1. On 9 July 2015 the Group refinanced its short-term loans with Interbank (US$10,000,000) and Citibank (US$25,000,000), with US$35,000,000 drawn on its short-term credit lines in Peru with BBVA. The new facility has an annual interest rate of 0.8% and matures on 4 July 2016.

2. On 7 July 2015, the Group renegotiated the terms of the agreement with Impulsora Minera Santa Cruz ("IMSC") to sell the San Felipe property. Under the new terms the US$5 million payment originally due from IMSC on 1 December 2015 was postponed to 1 December 2016.

Profit by operation[1]

(Segment report reconciliation) as at 30 June 2015

Company (US$000)	Arcata	Pallancata	San Jose	Inmaculada	Consolidation adjustment and others	Total/HOC
Revenue	52,945	41,440	95,749	–	125	190,259
Cost of sales (pre-consolidation)	(50,463)	(49,228)	(74,923)	–	121	(174,493)
Consolidation adjustment	48	73	–	–	(121)	–
Cost of sales (post-consolidation)	(50,415)	(49,155)	(74,923)	–	–	(174,493)
Production cost excluding Depreciation	(33,629)	(27,186)	(49,559)	(3,862)	–	(114,236)
Depreciation in production cost	(15,955)	(20,380)	(19,023)	(128)	–	(55,486)
Other items	(1,058)	(595)	(3,275)	–	–	(4,928)
Change in inventories	227	(994)	(3,066)	3,990	–	157
Gross profit	2,482	(7,788)	20,826	–	246	15,766
Administrative expenses	–	–	–	–	(18,779)	(18,779)
Exploration expenses	–	–	–	–	(4,092)	(4,092)
Selling expenses	(475)	(544)	(10,581)	–	–	(11,600)
Other income/expenses	–	–	–	–	(2,002)	(2,002)
Operating profit before impairment	2,007	(8,332)	10,245	–	(24,627)	(20,707)
Impairment and write-off of assets	–	–	–	–	(5,917)	(5,917)
Finance income	–	–	–	–	581	581
Finance costs	–	–	–	–	(16,122)	(16,122)
Foreign exchange	–	–	–	–	(1,211)	(1,211)
Profit/(loss) from continuing operations before income tax	2,007	(8,332)	10,245	–	(47,296)	(43,376)
Income tax	–	–	–	–	(509)	(509)
Profit/(loss) for the year from continuing operations	2,007	(8,332)	10,245	–	(47,805)	(43,885)

1 On a post-exceptional basis.

Forward looking Statements

This announcement contains certain forward looking statements, including such statements within the meaning of Section 27A of the US Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In particular, such forward looking statements may relate to matters such as the business, strategy, investments, production, major projects and their contribution to expected production and other plans of Hochschild Mining plc and its current goals, assumptions and expectations relating to its future financial condition, performance and results.

Forward-looking statements include, without limitation, statements typically containing words such as "intends", "expects", "anticipates", "targets", "plans", "estimates" and words of similar import. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results, performance or achievements of Hochschild Mining plc may be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Factors that could cause or contribute to differences between the actual results, performance or achievements of Hochschild Mining plc and current expectations include, but are not limited to, legislative, fiscal and regulatory developments, competitive conditions, technological developments, exchange rate fluctuations and general economic conditions. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

The forward looking statements reflect knowledge and information available at the date of preparation of this announcement. Except as required by the Listing Rules and applicable law, Hochschild Mining plc does not undertake any obligation to update or change any forward looking statements to reflect events occurring after the date of this announcement. Nothing in this announcement should be construed as a profit forecast.